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December 2024

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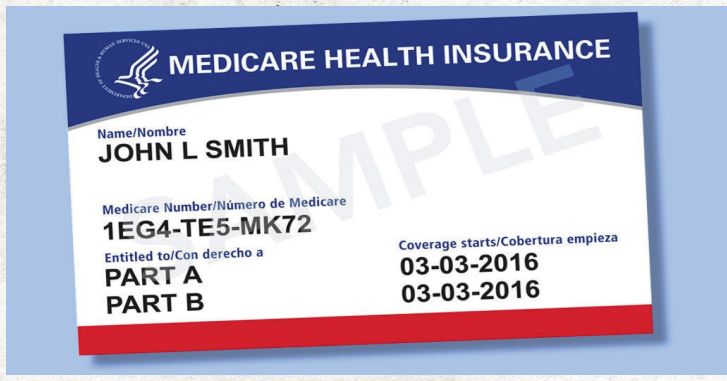
FREE



MEDICARE PART B PREMIUMS



And The Impact Of "Hurricane" IRMAA



Medicare Open Enrollment is a critical period of time each year, giving beneficiaries the opportunity to review and adjust their coverage to better suit their healthcare and financial needs. This window runs from October 15th through December 7th, during which you can switch between original Medicare and a Medicare Advantage Plan, enroll in or change a part D (prescription drug) plan and change from one Medicare Advantage Plan to another. However, many people overlook how their income, particularly from the sale of assets such as stock or a rental home, can affect their Medicare premiums, especially for Part B.

First let's look at how Medicare Part B premiums are determined. The stan-

dard Part B premium for 2024 is \$174.70 per month. However, higher income people may pay more due to the Income Related Monthly Adjustment Amount (IRMAA).

IRMAA is determined by your Modified Adjusted Gross Income from your tax return two years prior.

This is critical if you're within a couple years of retirement. So, let's say, you're planning to retire in 2025 but in 2023 you sold a rental property and netted a healthy \$500,000 capital gain (for a single filer) you could see your first year of retirement, Part B premium jump up to \$578.30 per month (that's \$6,989.60 for the year)! Obviously, that's an extreme example. But there are thresholds starting at only \$97,000 for single filers and \$194,000

for married filers, with each threshold increasing those Part B premiums.

So here are a few ways to mitigate the impact.

- 1. Timing of Asset Sales** – If you're planning to realize a significant gain on the sale of an asset, consider spreading the sale over multiple years to avoid a single large spike in your income.
- 2. Tax Loss Harvesting** – If you have assets that have lost value (outside of deferred accounts like IRA's and 401k's), you could sell those assets to recognize the loss, which would offset other gains.
- 3. IRMAA Appeal** – If your income spike is due to a one-time event, such as the sale of an asset, you can appeal your IRMAA determination using form SSA-44. Medicare recognizes certain "Life Changing Events" that may justify lowering your Part B premiums including, Retirement, Divorce, Loss of Income Producing Property and One-time capital gains.

So beware, selling an asset can have a ripple effect on

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As 2024 draws to a close, I would like to take a moment and express our sincere gratitude for your continued trust and support throughout the year. Whether you've been a client for many years, or more recently hired us to serve your financial planning and investment needs, it's YOU that allows us to continue to do this work that we love so much. Thank you!

Saturday December 7th, recognizes Pearl Harbor Remembrance Day. Winter officially begins on December 21st. Hopefully Santa will bring you everything you wish for this Christmas on Wednesday December 25th and of course the infamous Times Square ball will drop on New Year's Eve December 30th officially bringing 2024 to a close. Wishing you and your family a wonderful holiday season!

Respectfully,
Scott Weidman, CFP®



Unique Holiday Ideas



I was racking my brain trying to come up with some sort of interesting lifestyle article this month, so I turned to ChatGPT once again and asked it, "What are some unique ways to celebrate Christmas and New Year's?" Here are a few ideas it came up with.....

CHRISTMAS

1. **C h r i s t m a s** Around the World. Pick a Country and host a Christmas dinner or gathering that reflects that culture's festive customs. For example, you could celebrate with a Swedish Smorgasbord, a

Mexican Posada party or Italian Feast of the Seven Fishes.

2. **V o l u n t e e r** Together. Shift the focus from gift giving to giving back. Spend the day volunteering at a shelter, food bank or local charity. It's a heartwarming way to embrace the holiday spirit and spread kindness to others, creating meaningful memories that will last long after the holidays.

3. **T h i s** one is my favorite. Host a Christmas Movie Marathon with the whole family. Watch the old time classics like *It's a Wonderful Life* or *A Christmas Carol* or some of the more recent fav's like *Home Alone*, *Elf* and *The Polar Express*.

NEW YEAR'S



1. **C r e a t e** a Time Capsule with friends and family. Write down your hopes, dreams and predictions for the next year and seal them in a box. Open it next year at this time to see just how much of a soothsayer you were. This could be a great annual tradition that everyone looks forward to.

2. **C u l t u r a l** New Year's Celebration. Embrace New Year traditions from around the world. In Spain, it's customary to eat 12 grapes at midnight for good luck or, in Japan, celebrate by ringing the temple bell 108 times.

I know these ideas seemed a little canned, but I did think they were pretty interesting. I hope you and your family have a wonderful holiday season filled with lots of great memories.

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your finances, including your Medicare Part B premiums. Understanding how IRMAA works and taking advantage of the Open Enrollment period allows you to stay

in control of your health-care costs. We have experienced Medicare Agents that we are happy to refer you to, if you have further questions about the complexities of Medicare.

One last thing, I don't believe Medicare covers the stress that you get from having to choose Medicare Plans during Open Enrollment!



Our service offerings

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Flashback 50 Years Ago This Month



December 6th, 1974 the DOW Jones continued its price decline, reaching its lowest level since October 26th, 1962, closing at 577.60. That was a two-year price decline of 45%, recorded as one of the worst stock market downturns since the Great Depression. The cause of such distress was the combination of a slowing American economy going into negative GDP (gross domestic product) 2.1% contraction, while inflation jumped to 12.3%.

For you Tequila connoisseurs, December 9th, 1974 marks the date that Mexico published its declaration that the name Tequila was limited to the blue agave liquor distilled within the Mexican state of Jalisco. The term “Tequila”, named for the town of Tequila, Jalisco was the intellectual property of Mexico.



December 12th, 1974 the epic crime film, “The Godfather part II” received its premiere in New York City. It would go into release throughout the United States on December 20th.

Happy 50th birthday Lady Gaga! December 14th, 1974 Joanne Stefani Angelina Germanotta was born.

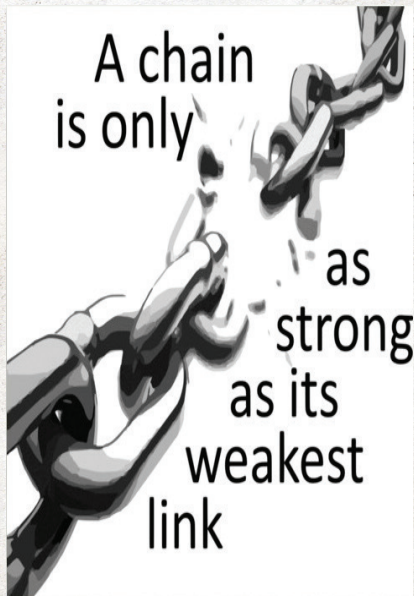
Financial Tip Of The Month

As the year winds down, the month of December tends to have some end of the year strategies that you should consider before the opportunity is lost. Here are a few suggestions....

- FSA Funds (Flexible Spending Accounts)** – If you have an FSA account, you’ll need to use it or lose it before the end of the year. Spending on eligible medical expenses, prescriptions or healthcare items, like eye-glasses are all viable options.
 - Tax Loss Harvesting** – If you have investments that have lost value since purchasing them, you could sell some and recognize the loss against capital gains, which may help your tax burden. Just remember, the “Wash Sale Rule” states that if you sell something at a loss, you cannot repurchase the same or substantially the same asset within 30 days and get to declare the loss.
 - RMD’s (Required Minimum Distributions)**- Don’t forget, if you’ve reached the age of 73 the IRS requires you to take money from your IRA and pay tax. The penalty for not doing so is 50% of the required amount.
 - QCD’s (Qualified Charitable Distributions)** – If you’re at least 70 ½ and charitably inclined, you can have your IRA custodian send a charitable contribution directly to your charity of choice. By doing so, you will not receive a 1099 distribution, that you would normally show as income. And if you’re over age 73 the QCD would count towards your RMD as well.
 - Recognize Income** – If your only source of income is social security, or maybe you’re in business and show very little income since you’ve got lots of tax deductions, consider pulling money out of your IRA (assuming you’re over 59 ½). A married couple has up to a \$29,200 standard deduction to offset taxable income. Just be aware, under 59 ½ you could be subject to a 10% early distribution penalty and ordinary income taxes.
- These are just a few end of the year ideas that may help with your financial planning. If you want more information about these or other strategies, give us a call.

Idiom Of The Month

“The Weakest Link In the Chain”



As we close out the year and start thinking about our plans

for 2025, remember that your plan is only as good as “the weakest link in the chain”. This month’s idiom is thought to date back to the early 19th century, when chains were commonly used in construction, machinery and ships. In these contexts, the weakest link in the chain could cause the entire structure to fail. The phrase serves as a reminder that attention to all parts of a system, no matter how small, is crucial to its overall strength and success. So, as you start laying out your goals for the new year, be sure to be

thoughtful and thorough. link in the chain. And now Because your plan is only you know! as good as the weakest

